APPENDIX A — EXCERPTS OF SENTENCING HEARING IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF ILLINOIS, SPRINGFIELD DIVISION DATED SEPTEMBER 14, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
SPRINGFIELD DIVISION

NO. 96-30025

SENTENCING

SPRINGFIELD, ILLINOIS

UNITED STATES OF AMERICA,

Plaintiff,

vs.

LARRY D. BACH,

Defendant.

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE RICHARD MILLS
U.S. DISTRICT JUDGE

SEPTEMBER 14, 1998

* * *

Appendix A

[commencing at page 68]

And so I find that they are credible. And so here you are.

Now, I came within a hair of not giving you credit for acceptance of responsibility or the timeliness. But when push comes to shove and we get right down to the final nitty-gritty, you did plead guilty. You accepted the responsibility for having committed this offense of mail fraud, and you did so in a timely manner.

Now, you've taken advantage of your other right and that is to object; although in my estimation with almost nothing to object about; to these figures. I'm calling that in your favor. So here you are, 27 to 33 months, and you're going to do time, no question about it.

Now, quite frankly, Mr. Feldman, I was going to do 32 months; so that shows you were wrong in this particular instance. But I am going to follow the recommendation of the Government after all. And I just wanted you to know that. That's in the middle. Dead center in the middle of the guidelines, Mr. Bach.

Very good argument can be made that even though I denied the Government's objection to the acceptance of responsibility, I think that the amount of damage that you have done and the background that you have done and this scheme and you have lived all of your adult life by reading in this PSR there going back. And you've been trying to find the free lunch all along and live well off of somebody else.

[69] You know, and it's interesting to read some of these interviews. And you get in there and you see that you live well, but then you lived hand to mouth. Dr. Russell and his wife came down there, remember, and they see this beautiful home you live in, but there's very little furniture there. Very little furniture. When it came time to go out to lunch, your wife had to borrow money from her father to take them out. Now, isn't that something.

So here is a common thread throughout your entire productive life. And you're 57 years of age. And you're trying to pull the wool over everybody's eyes, and a quick buck and something for nothing. Ultimately, it all comes to naught. And it's a tragedy to say that for you it has come to today.

Restitution is going to be imposed. And pursuant to the Anti-terrorism and Effective Dealt Penalty Act of 1996, particularly 18 U.S.C. 3663(A) of the Mandatory Victim Restitution Act of 1996, restitution in the amount of $674,325.84 is mandatory. This restitution is owed to the victims in the instant offense and is due immediately.

Pursuant to the Sentencing Reform Act of 1984 and the U.S. Sentencing Commission Guidelines Manual as amended November 1 of 1997, it is the judgment of this Court that the Defendant, Larry D. Bach, is hereby committed to the custody of the Bureau of Prisons to be imprisoned for a term of 30 . . .

* * *

APPENDIX B — FEDERAL PROBATION OFFICE ADDENDUM

SUPPLEMENTAL/ADDITIONAL INFORMATION

The following information was received by the U.S. Probation Office after the Presentence Report was disclosed.

68. **Statutory Provisions:** Pursuant to the Antiterrorism and Effective Death Penalty Act of 1996, particularly 18 U.S.C. § 3663A of the Mandatory Victim's Restitution Act of 1996, restitution in the amount of $676,088.22 is mandatory.

69. **Guideline Provisions:** In accordance with the provisions of U.S.S.G. § 5E1.1, in cases where there is an identifiable victim, restitution shall be ordered.

Also, on September 4, 1998, a Victim Impact Statement was received from Edward J. Meyers. According to Mr. Meyers, "I took out a home equity loan to invest in 1/4 unit of BEC 88-1 Tipco lease through Bach Energy Corp. Based on the guarantees made by Larry Bach, I estimated I would be able to repay the loan in 2-3 years and have a steady source of income for 30+ years. After a very short time, the guaranteed payments of $869.00 stopped coming and I was forced to make payments out of pocket or potentially lose my house. This put a very big financial burden on me and my wife, and resulted in a great deal of tension in our marriage. Eventually, Mr. Bach made the 22 payments, only after constant letters and phone calls from me, and countless sleepless nights. I never got the complete repayment of the initial investment I was promised, and I am still paying on the home equity loan (interest built up quickly during the periods I was not

receiving BEC payments and being forced to make minimal or partial payments on the loan)"

Subsequent to the Revised Presentence Report being disclosed, the Government mailed letters to all victims asking if they had received any compensation from Quest Energy, Inc. Or Southern Oil and Gas. Based on the responses received, the following victims have had their restitution amounts reduced:

Robert Burrows
$10,605.08 – 10,144.90 (Quest) = $ 460.18

James Connett
$19,402.76 – 980.14 (Quest = $18,422.62

Victor Hallman
$19,402.76 – 658.44 (Quest) = $18,744.32

Gary Hepburn
$5,307.51 – 346.26 (Quest) = $4,961.25

John Keane (Estate)
$8,524.95 – 11,310.86 (Quest) = $0.00

Herbert Miller
$19,402.76 – 612.64 (Quest) –
6,691.32 (SO&G = $12,098.80

Don Pohlmann (Estate) $136,874.41 – 2,477 (Quest) –
3,044.00 (SO&G) = $131,353.41

Appendix B

Gerald Sheppard
$41,731.53 – 165.00 (Quest) = $41,566.53

Therefore, the total amount of restitution is reduced to $676,088.22.

The above information was received after the Presentence Report was disclosed. If you have any objections to information in the disclosed report and have not yet submitted these objections in writing to the U.S. Probation Office, you should include any objections to this supplemental information in said written communication, pursuant to paragraph 3 of the Court's *ORDER ON IMPLEMENTATION OF SENTENCING GUIDELINES*. If you have already communicated your written objections to the U.S. Probation Office prior to receiving this supplemental/additional information, you still have two opportunities to raise objections, pursuant to paragraph 6 of the *ORDER ON IMPLEMENTATION OF SENTENCING GUIDELINES*:

1. At least seven working days prior to the date set for sentencing, counsel shall file a pleading with the Court entitled "Position of the (Party) with Respect to Sentencing Factor" and,

2. At the Sentencing Hearing, the Court, for good cause shown, may allow a new objection or response to be raised any time before the imposition of sentence.

18 U.S.C. § 3552(d) states: "The court shall assure that a report filed pursuant to this section is disclosed to the defendant, the counsel for the defendant, and the attorney

for the Government at least ten days prior to the date set for sentencing, unless this minimum period is waived by the defendant."

Therefore, if this additional information is disclosed to defense counsel within ten days of the sentencing date, the defendant must either waive the ten-day period or the sentencing date must be postponed. It is the defendant's responsibility to execute the waiver or seek a postponement.

( ) I hereby waive the ten-day disclosure period.

( ) I hereby decline to waive the ten-day disclosure period and request a postponement of the sentencing hearing.

_____
Defendant

_____
Defense Counsel